

Report to: Performance Scrutiny Committee

Date of Meeting: 14 July 2016

Lead Member/Officer: Head of Business Improvement & Modernisation

Report Author: Strategic Planning Team Manager

Title: Corporate Risk Register Review, June 2016

1. What is the report about?

1.1 The June 2016 formal revision to the Corporate Risk Register.

2. What is the reason for making this report?

2.1 To present Performance Scrutiny with the latest version of the Corporate Risk Register (Appendix 1), as agreed at Cabinet Briefing.

3. What are the recommendations?

3.1 That Performance Scrutiny note the deletions, additions and amendments to the Corporate Risk Register, and has the opportunity to comment.

4. Report details

4.1 The main issues to note for the Corporate Risk Register are as follows:

- i. No change to DCC001: *'The risk of a serious safeguarding error where the council has responsibility, resulting in serious injury or death'*. More than half the actions planned following a review by the Internal Audit service are complete and whilst timescales have slipped for the remaining actions, most are near completion. However, given the impact should a serious safeguarding error occur, there is no proposal to reduce the residual score at present.
- ii. No change to DCC006: *'The risk that the economic and financial environment worsens beyond current expectations, leading to additional demand on services and reduced income'*. This risk continues to be closely monitored and a robust budget process for 2017/18 has commenced to identify a range of proposals to meet cuts incurred.
- iii. No change to DCC011: *'The risk of an ineffective response to a severe weather, contamination, or public health event'*. The major incident handbook is expected to be finalised by the end of this year. Once this has been done and the changes at 'response lead level' are embedded, it is hoped that the residual risk likelihood can be downgraded to *'rare'*, but should remain at *'possible'* for now.
- iv. DCC012: *'The risk of a significantly negative report(s) from external regulators'*. Positive audit reports have been received with the exception of a

poorer Estyn report, the focus of which was GwE. Additionally, the CSSIW findings regarding Protection of Vulnerable Adults (POVA) arrangements are being addressed. The likelihood has therefore been reduced from *'possible'* to *'rare'*.

- v. DCC013: *'The risk of significant liabilities resulting from alternative models of service delivery'*. A framework for governance arrangements had been implemented but in consideration of the work being undertaken to develop a corporate methodology/assessment tool for proposed alternative service delivery models, this will now be revisited to ensure alignment. In addition, the elected Member monitoring element is also to be revised in light of learning gained from recent applications. However, in recognition of the increasing need to identify and implement alternative service delivery models to sustain services, the likelihood has been increased to *'possible'* with a *'high'* impact.
- vi. No change to DCC014: *'The risk of a health & safety incident resulting in serious injury or the loss of life'*.
- vii. DCC016: *'The risk that the impact of welfare reforms is more significant than anticipated by the council'*. The negative impacts initially anticipated have not come to fruition. In addition, it is likely to be a combination of factors that will contribute to citizens requiring support that may not be directly attributable to welfare reform. This risk has been removed from the corporate risk register.
- viii. DCC017: *'The risk that the ICT framework does not meet the organisation's needs'*. Phase 2 of the ICT strategy is now complete and phase 3 is being implemented. Successful delivery of the strategy will increase our confidence still further. This risk has therefore been removed from the corporate risk register and will be managed at service level.
- ix. No change to DCC018: *'The risk that programme and project benefits are not fully realised'*.
- x. DCC019: *'The risk that the availability of the Welsh Government's match-funding contribution towards Band A of the 21st Century Schools programme is not in line with the timescales for Denbighshire's work programme'*. Funding has been confirmed and major projects such as Rhyl High School and Glan Clwyd in St. Asaph are complete/in progress. As a result this risk has been removed from the corporate risk register and will be managed as a project risk.
- xi. DCC021: *'The risk that effective partnerships and interfaces between BCU Health Board and Denbighshire County Council (DCC) do not develop, leading to significant misalignment between the strategic and operational direction of BCUHB and DCC'*. This is still an area of concern as the establishment of the Regional Partnership Board is behind schedule and a substantial amount of work is required to get to a position where budgets can be pooled for residential and nursing home placements by April 2018; both requirements of the Social Services Well-being Act. However, an increasing number of control measures have been put in place leading to:
 - o better communication, interfaces and partnership working between the Conwy and Denbighshire Local Authorities and the BCUHB;

- greater clarity regarding responsibilities and accountability in BCUHB; and
- greater engagement with BCUHB through scrutiny.

In recognition of increased number of control measures the likelihood has been reduced to *'highly likely'* but the impact remains *'high'*.

- xii. No change to DCC027: *'The risk that the decisions that are necessary to enable the delivery of a balanced budget are not taken or implemented quickly enough'*. This continues to be a challenge despite the ongoing progress of the budget process, which includes Member involvement, due to uncertainty regarding future settlements.
- xiii. DCC028: *'The risk that the services that we scale back have a greater positive or negative impact than we anticipated'*. The impacts are being monitored and are not greater than anticipated. Additionally, no further cuts are required during 2016/17. Therefore, the residual risk likelihood has been reduced to *'possible'* with a *'medium'* impact.
- xiv. No change to DCC029: *'Risk of successful challenge that we are illegally depriving people of their liberty'*. The Law Commission have recently completed a review and we continue to keep a watching brief to be aware of proposed changes coming into force.
- xv. No change to DCC030: *'The risk that appropriate capacity and skills to sustain service and corporate performance is not available'*. Control measures are in place with middle managers being developed, thereby building better capacity amongst the existing cohort of managers.
- xvi. New Risk: DCC031: *'The risk of fraud and corruption resulting in financial and reputational loss and potentially impacting on service delivery'*. Given the size and nature of the Council's operations there is an on-going risk of loss due to fraud and corruption from both internal and external sources. In recognition of the financial, reputational and possible impacts on service delivery the inherent risk is assessed as *'highly likely'* with a *'high'* impact. However, robust control measures are in place and therefore the residual risk is assessed as *'rare'* with a *'high'* impact.
- xvii. New Risk: DCC032: *'The risk that the current uncertainty surrounding Local Government Reform (LGR) will lead to a greater focus on transition and therefore reduce the ambition of our plans'*. This risk could impact on our next Corporate Plan and Wellbeing Plan in particular. In being less ambitious they may not deliver the changes required to sustain services for the future. Whilst we continue to keep a watching brief on the plans for LGR and in consideration of the control measures, the residual risk has been assessed as *'probable'* with a *'high'* impact.

5. How does the decision contribute to the Corporate Priorities?

- 5.1 The purpose of the Corporate Risk Register is to identify the potential future events that may have a detrimental impact on the council's ability to deliver its

objectives, including its corporate priorities. The identified controls and actions are therefore crucial to the delivery of the corporate priorities.

6. What will it cost and how will it affect other services?

6.1 The cost of developing, monitoring and reviewing the Corporate Risk Register is absorbed within existing budgets.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

7.1 This Corporate Risk Register documents identified risks, and current and proposed mitigating actions. The process of developing and reviewing the document itself does not impact adversely on any people with protected characteristics. However, any new process, strategy or policy arising as a result of a mitigating action should be equality impact assessed at service delivery level.

8. What consultations have been carried out with Scrutiny and others?

8.1 The Corporate Risk Register has been developed by, and is owned by, the Corporate Executive Team. The process for review is as follows:

- All service risk registers are reviewed by services (according to the corporate risk management methodology) prior to each Corporate review.
- The Corporate Improvement Team analyse service risk registers to identify risks of corporate significance or any themes emerging across services.
- Updates on current corporate risks are collected from risk owners, and updates on mitigation actions are collected from action owners.
- Individual meetings are held with the Chief Executive and each Corporate Director, to discuss the risks for which they are lead. Consideration is given to whether the risk remains, whether the scores are accurate, and whether any new risks under their jurisdiction need to be included.
- A risk workshop is held at Cabinet Briefing to review existing risks; discuss progress on agreed mitigation actions; discuss and agree new corporate risks; review and update residual risk scores; update existing controls (in light of completed actions); and agree any new actions to mitigate risks.

9. Chief Finance Officer Statement

9.1 There are no financial implications arising from the process outlined in this report for developing, monitoring and reviewing the Corporate Risk Register.

10. What risks are there and is there anything we can do to reduce them?

10.1 The main risk associated with the risk management process is that the registers are not regularly reviewed and do not therefore become a dynamic and meaningful management tool. However, the process is fully integrated

into the council's performance management framework, which should mitigate against this.

11. Power to make the Decision

Local Government Act 2000

Article 6 of the Council's Constitution

Contact Officer:

Strategic Planning Team Manager

Tel: 01824 712346